

## Message Text

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44

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 INT-05 /088 W

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R 010844Z MAR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2579

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: PFOR EGEN ASEAN

SUBJECT: GOP OFFICIALS COMMENT ON ASEAN INDUSTRIAL PROJECTS  
AGREEMENT (ORON AND STEEL PROJECT)

REF: JAKARTA 2712, SINGAPORE 955

1. SECRETARY OF INDUSTRY PATERNO AND NEDA SECRETARY SICAT, BOTH OF WHOM ATTENDED BALI MEETING, HAVE COMMENTED WITH GUARDED OPTIMISM TO AMBASSADOR ON ECONOMIC ASPECTS OF ASEAN MEETING, ALTHOUGH AS PATERNO OBSERVED, KEY WILL BE WHAT ASEAN MINISTERS OF ECONOMY ACCOMPLISH AT KUALA LUMPUR NEXT WEEK. WITH SPECIFIC REFERENCE TO PROJECTS, THEY SAID PHILIPPINES WILL OPT FOR INTEGRATED STEEL MILL TO BE BUILT IN ILIGAN AREA OF MINDANAO IN CONJUNCTION WITH KAWASAKI SINTERING PLANT PROJECT. COST WILL PROBABLY BE IN NEIGHBORHOOD OF \$1.2 TO 2.0 BILLION WITH JAPANESE APPARENTLY PREPARED TO CONSIDER PROVIDING AT LEAST PART

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OF FINANCING (JAPANESE AMBASSADOR WAS PRESENT FOR PORTION

OF CONVERSATION). PATERNO ALSO NOTED THAT OWNERSHIP IN PROJECTS WOULD BE JOINT AMONG ASEAN COUNTRIES WITH MAJORITY OWNERSHIP VESTED IN COUNTRY IN WHICH PLANT LOCATED. HE ADDED THAT PLANT WOULD BE ASEAN FACILITY (RULE BEING AS WE UNDERSTAND IT THAT IT WILL SUPPLY ASEAN MARKET AND THAT NO OTHER ASEAN COUNTRY WILL BUILD SIMILAR PLANT UNTIL GROWTH OF ITS OWN MARKET REQUIRES IT). PATERNO SAID HE DID NOT RPT NOT BELIEVE A PHILIPPINE PLANT WOULD COMPETE WITH INDONESIA'S STEEL COMPLEX.

2. COMMENT: THE PROPOSED STEEL PLANT HAS BEEN A PERSISTENT PHILIPPINE OBJECTIVE WHICH HAS HITHERTO MADE NO ECONOMIC SENSE (SEE 1975 TOKYO 16328 NOTAL WHICH REPORTED JAPANESE VIEW THAT, BASED ON SIZE DOMESTIC MARKET AND QUESTIONABLE ACCESS TO OTHER NEARBY MARKETS, PROPOSAL NOT COMMERCIALY ATTRACTIVE AND WOULD HAVE TO BE UNDERTAKEN AS GOVERNMENT AID PROJECT). PERHAPS BY GAINING ASEAN BACKING PROJECT WILL APPEAR MORE ATTRACTIVE, ALTHOUGH WE SUSPECT THAT EVEN IN BEST OF CIRCUMSTANCES IT WOULD NOT BE ECONOMIC PROPOSITION. WE THINK IT WOULD ALSO BE DIFFICULT FOR GOP TO OBTAIN HUGE AMOUNTS OF EXTERNAL FINANCING NECESSARY, PARTICULARLY WHILE CREDIT SOURCES ARE DIGESTING WESTINGHOUSE NUCLEAR POWER BORROWING.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PERSONAL OPINION, INDUSTRIAL DEVELOPMENT, IRON, SUMMIT MEETINGS, PROGRAMS (PROJECTS), STEEL PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA02928  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 JAKARTA 2712, 76 SINGAPORE 955  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 MAY 2004 by greeneet>; APPROVED <07 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOP OFFICIALS COMMENT ON ASEAN INDUSTRIAL PROJECTS AGREEMENT (ORON AND STEEL PROJECT)  
**TAGS:** PFOR, EGEN, ID, ASEAN, (PATERNO), (SICAT)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006